

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	19 April 2016
DIRECTOR	Angela Scott, Office of the Chief Executive
TITLE OF REPORT	Offshore Europe (OE) 2015 feedback & OE17
REPORT NUMBER	OCE/16/004
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report will outline feedback from the 2015 event and detail Aberdeen City Council's involvement in OE17. It will outline the cost implications of participating in the conference and exhibition and the activities to be undertaken in support of the event.

2. RECOMMENDATION(S)

That the Committee:

- i) notes the content of the report;
- ii) Approves the council's involvement in the exhibition in 2017 at a cost of £90,000. The expenditure in 2016-17 for this event is contained within the Office of the Chief Executive budget approved by Council in February 2016. The expenditure in 2017-18 will be subject to the normal budgetary approval process in February 2017.

3. FINANCIAL IMPLICATIONS

The total cost for participation at OE in 2015 was £277,554.39, however following receipt of partner contributions from Aberdeenshire Council, company income and sponsorship contributions, Aberdeen City Council's contribution was £80,000 spread across two consecutive financial years.

The costs for OE are budgeted for on an annual basis with half the funding in 2016 - 2017 Communications & Promotion budget and the remaining half to be included in the 2017 - 2018. This will be matched by Aberdeenshire Council who are joint partners in the Aberdeen City and Shire presence at the exhibition.

Aberdeen City and Aberdeenshire Council's purchase exhibition floor space from Reed Exhibitions at a cost of approx £130,000, the owners of Offshore Europe then undertake a public procurement exercise to appoint a contractor who will construct an exhibition stand to the local authorities specifications at a cost of £150,000. Following agreement of the stand design, exhibition packages at varying prices/specs are created and sub-let to companies who wish to support the Aberdeen City and Shire presence at this key global energy event.

This model has proved successful for a number of years and has proved a supportive platform for SME's in the region who are looking to grow and develop in the future through working with Economic Development.

4. OTHER IMPLICATIONS

People: Existing resources from within the Communications & Promotion Service and Economic Development Service undertake the activities associated with the delivery of Aberdeen City Council's presence at OE.

Finance: The cost for the council's presence at OE is identified within the Communications & Promotion Service budget. This cost is based on the council's ability to attract fee paying exhibitors and supporting sponsors to partner with the local authorities at this event. The current economic climate in the region will be taken into consideration when formulating the packages for space at the exhibition in 2017.

Health & Safety: There will inevitably be some risks associated with the organisation of a presence and attendance at an exhibition. All measures relevant to the venue and construction are taken to reduce any risks and professional contractors are employed to build and dress the exhibition stand.

Legal: Compliant procurement processes will be followed where necessary to appoint contractors and all contracts to be entered into shall be reviewed as required with Commercial and Procurement Services. The Council shall pay market rates for the exhibition floor space and stand to be constructed thereon. Market rates shall also be paid for individual exhibition spaces sub-let on the Council's stand and ancillary services.

5. BACKGROUND/MAIN ISSUES

Offshore Europe (OE) is the largest oil and gas conference and exhibition outside North America. It will be held in Aberdeen at the AECC from 5th – 8th September 2017.

It is staged biennially in Aberdeen, the centre of the European oil industry and is the most prestigious event staged in the city.

Businesses attending the exhibition include offshore oil and gas exploration and production companies, major drilling and engineering contractors, technical specialists, supply and service companies, government and academia.

The exhibition showcases the advances being made in the industry and discusses key issues facing the global energy industry.

In 2015 attendance figures remained very strong at 55,947 with delegates drawn from 104 countries. Attendance was the second highest in the long history of the show.

Over the four days of the event, around 5,000 visitors attended the conference plenary session, 11 keynote sessions, 80 SPE technical paper presentations, and daily topical lunches and breakfast briefings.

1,535 global organisations from 44 countries exhibited this year, showcasing their products, services and expertise. This included 336 companies exhibiting at the event for the first time. The sold-out space covered 27,228 square metres, with more inside space than ever before and bookings/re-bookings for 2017 are already looking strong.

Generating an economic impact of £53.9 million for the local economy, taking a stand at Offshore Europe presents the council with an excellent opportunity to:

- demonstrate its commitment to the energy industry;
- showcase Aberdeen City and the wider regions business capabilities;
- promote the area as a world class business location and a desirable place to invest, live, work, study and visit;
- facilitate business to business introductions;
- signpost potential investors to local companies;
- host VIP & international delegations;
- showcase council services to local, national and international businesses.

Internationalisation, product and market diversification are key elements of the City Region Deal and the exhibition plays an important role in supporting Aberdeen City Council's Economic & Wellbeing Strategy.

In 2015, as at previous exhibitions, Aberdeen City Council partnered Aberdeenshire Council on a joint stand in a prime location within the event. The stand provided a highly visible promotion of Aberdeen, Aberdeenshire and their respective local authorities. In addition, over 20 companies paid to secure space on the 295sqm stand, which is recognised as one of the most effective presences at the exhibition.

Feedback from exhibitors on the Aberdeen City and Shire stand reported that a significant number of genuine business opportunities were identified and all said that the event rated very good or excellent in meeting their participation

objectives. It was also highlighted that the level and quality of business contacts met across the course of the week were better than in recent similar exhibitions.

Exhibitors reported in feedback questionnaires that the provision of the council's service associated with the exhibition, the quality of the stand, related facilities and overall value for money in relation to OE were rated excellent. Several companies have already noted an interest in exhibiting on the stand in 2017.

In addition to the exhibition presence and working with our city partners, a range of region wide initiatives were implemented before and during OE to ensure that the city and its visitors maximised the opportunities associated with the event.

Initiatives included:

A civic reception for local, national and international energy representatives hosted by the Lord Provost on behalf of Aberdeen City Council was held in the Beach Ballroom on the opening evening of the exhibition. Complementing the civic reception was a traditional market fayre which featured samples of food, drink, arts, crafts and entertainment from numerous local companies.

A number of trade development and key priority market workshops were organised and delivered in the upstairs lounge of the exhibition stand.

Promotional banners across Union Street displayed key industry sector messages/logos relating to the city sponsored by businesses.

Each visitor received an official welcome to the city from the Lord Provost, with letters being left in every city hotel room, along with relevant destination information.

Transportation and infrastructure across the city was a priority and additional parking facilities were made available away from the exhibition site in an attempt to minimise the volume of cars travelling to the event arena.

The exhibition organisers significantly increased their provision of buses to shuttle delegates from strategic locations across the city to the exhibition, again in an attempt to reduce the amount of vehicular traffic in and around Bridge of Don.

A number of areas continue to require attention and initial feedback from OE15 delegate surveys show that issues relating to car parking, site access and accommodation continue to raise concerns for those exhibiting and visiting the show. Discussions with the organisers of OE17, Reed Exhibitions will commence in due course about plans for 2017.

Aberdeenshire Council will again contribute to the cost of staging a presence at the exhibition in 2017, subject to committee approval in April 2016. Income

from sponsors and companies who lease space on the stand will also be sought to offset the overall cost.

Officers have also established a working group that will seek to work with external organisations to develop supporting activities that will establish Aberdeen a business and leisure destination, encouraging delegates to come to the city earlier, enjoy events that provide a sense of place and stay longer than the conference/exhibition lasts.

This group will also work to encourage repeat visits to Aberdeen and the wider region outwith business events.

Participants include Reed Exhibitions, Visit Aberdeenshire, Aberdeen & Grampian Hotels Association and transport operators.

6. IMPACT

Improving Customer Experience –

Participation at OE will help the Council promote and enhance the long-term economic prosperity of the North East of Scotland by anchoring and attracting more businesses to the area. OE and the event organiser Reed Exhibitions will support the council in promoting the growth and development of the event at the new exhibition and conference venue in 2019 providing customers with an enhanced visitor experience. Participating in the exhibition will also provide closer links to the energy industry and businesses operating in this important economic sector of the City. We will continue to work closely with all city agencies, accommodation providers, local transport providers and local support services to deliver an excellent event experience for our customers.

Improving Staff Experience –

Staff within Communications & Promotion will work closely with colleagues from Economic Development to promote the city's energy industry, to encourage businesses to invest in the city and align key messages to the Economic & Wellbeing Strategy.

Improving our use of Resources –

Participation at OE will improve our use of resources by ensuring we fully understand the needs of the energy industry and we will continue to retain a strong relationship with the organisers of Offshore Europe, developing existing events and encouraging the staging of new events in the city.

Corporate –

Aberdeen City Council will play a key role in the long term future of the energy industry in the North East of Scotland through the City Region Deal and the Economic & Wellbeing Strategy.

Public –

This report is not of interest to the public as the financial implications of the report are minimal, and the paper does not present a new policy and strategy. There are no requirements for an EHRIA or a PIA.

7. MANAGEMENT OF RISK

A high profile presence at OE17 supports opportunities arising from the Economic Development Services existing international links and trade development activities. If Aberdeen City Council did not participate at this key global oil and gas exhibition, this may result in a failure to identify and capitalise on the new market opportunities for oil and gas companies in Aberdeen and the across the region.

Financial risks associated with the exhibition are shared with Aberdeenshire Council, sponsors, stand partners and exhibiting companies.

Communications & Promotion apply standard project management processes and monitor the project for the 18 months prior to the event to ensure the critical path of delivery is strictly adhered to.

Social: The exhibition provides the city with a unique promotional and educational resource on industry trends, current and future energy issues and development of the careers and technology which are intrinsically linked to the long term success, growth and development of the region.

Economic: This project is critical in asserting and building upon Aberdeen's status as a Global Energy Hub and is therefore critical to the future health of the local economy. Trade development activities and the promotion of the skills, knowledge and expertise that exist in the city will support economic growth and increased employment opportunities. By improving the economic sustainability of Aberdeen's industry sectors this guarantees the regions image as a viable investment opportunity.

8. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

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